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How to choose and use a CPA;

American Institute of Certified Public Accountants

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How to choose and use a CPA

AICPA

American Institute of
Certified Public Accountants

Questions and answers for the businessman, taxpayer and private citizen

Who needs a CPA?

How do you find a CPA?

What qualifications
should you look for?

What do CPAs charge?

How can you get the
most value from a
CPA's services?

Who needs a CPA?

Not everyone does. But if you're in business or responsible for managing an organization, you would find it difficult to develop an effective accounting system, or resolve tax problems or settle management's problems (especially those involving finances) without the professional help of a certified public accountant. Also, many individuals not in business rely upon CPAs for help with their personal tax preparation, particularly when their income is derived from various sources. And people setting up estates usually call in a CPA for help with accounting problems.

How do you find a CPA?

One way not to look for a CPA is to check ads in your local paper as CPAs abide by the same high standards as lawyers or doctors: they do not advertise their services. But that shouldn't deter you in your search. Generally when people don't know a CPA in the community, they'll ask friends to recommend someone. Businessmen, especially those in your field, can be of help. So can lawyers or bankers. CPAs are, of course, listed in phone directories. And most state societies of CPAs publish directories of practitioners which can be useful in looking for a local practitioner or a CPA firm.

In all, there are 150,000 CPAs in the country. About 65,000 are in public practice. Others are in business, government or education. Their ranks grow annually by 10 percent, reflecting the increasing needs of business and private citizens for CPAs' services.

What qualifications should you look for?

To begin with, CPAs are all certified by states to practice their profession. To achieve that distinction, a CPA must have completed an accounting course of study at college, then pass the rigorous two-and-one-half-day Uniform CPA Examination.

Finally the CPA must meet experience or postgraduate study requirements which, although they may vary from state to state, assure that the CPA has had a solid professional grasp of the fundamentals before being licensed to practice. Once launched into the profession, the CPA is thereafter exposed to continuing education courses to sustain his competence, and is bound by a rigid code of ethics that guides his professional performance.

Although CPAs may not advertise, nor indicate a specialty in their field, they do not all provide similar services.

Questions to help you locate a CPA:

- Will your company's financial statements require auditing?
- Which of these services would be most important to you—auditing, tax advice, management advice, or accounting?
- If you manage a company, does it have several installations?
- What are the requirements for special reports to government?
- Will you need help preparing a business loan application?
- Do you want help with personal financial problems, personal income tax returns, or an estate or trust?

Eventually, you must make the selection yourself. Before doing so, you will meet the CPA and discuss your needs. Once the decision is made and the CPA agrees to perform the required services, it may be that you have initiated a lasting relationship. There are cases of CPA firms serving a client for seventy-five years with no letup in sight.

What do CPAs charge?

Fees are based on time charges. They vary with the level of experience of those required to perform the work and also with prevailing costs of conducting a practice in the community. The profession does not set fixed or minimum fees.

How can you get the most value from a CPA's services?

CPAs themselves have some suggestions on how you can make best use of their services and get the most value for your fee. Here they are—

- Talk over plans and objectives with your CPA. He is in the best position to advise you and serve your interests when he knows what your plans and objectives are.
- Tell him clearly what you expect and hope from his services.
- Keep good records and help your CPA save you fees by not using his professional time for nonprofessional work.
- Keep him informed of changes and new directions.
- Consider his suggestions and recommendations.

CPAs pride themselves that the financial benefits of their services exceed their fees—often by a wide margin.

Six areas of service CPAs provide

Audit financial
statements.

Prepare tax returns and
recommend tax savings.

Provide professional advice
on management and
accounting aspects of
business problems.

Prepare financial reports.

Provide assistance in
securing loans.

Design accounting systems
for your business or
personal affairs.

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